

Message Text

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47

ACTION EB-11

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TO SECSTATE WASHDC 8882

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E. O. 11652: N/ A

TAGS: EIND, EMIN, ETRD, US, MO

SUBJ: STOCKPILE DISPOSAL CONSULTATIONS

REF: STATE 78232

1. CHEMICAL MANGANESE IS NOT RPT NOT OF MUCH SIGNIFICANCE TO MOROCCAN ECONOMY AS A WHOLE. PRODUCTION, PRACTICALLY ALL OF WHICH COMES FROM IMINI MINE, IS ALL EXPORTED AND WAS WORTH DH 26.1 MILLION IN 1972. 1971 EXPORTS WORTH DH 23.4 MILLION REPRESENTED ONLY FRACTION OF ONE PERCENT FOREIGN EXCHANGE RECEIPTS THAT YEAR. TWENTY- FIVE PERCENT TOTAL PRODUCTION (DH 6.4 MILLION IN 1972) GENERALLY EXPORTED TO U. S. IMINI' S CONTRIBUTION TO GOVERNMENT REVENUES LIKEWISE INSIGNIFICANT.

2. NEVERTHELESS, WE CAN EXPECT GOM TO BE VERY CONCERNED ABOUT STOCKPILE DISPOSAL. IF GSA PROCEEDS AS INDICATED REFTTEL, MOROCCANS WILL EXPECT LOSE MUCH IF NOT ALL OF US TYPE B MARKET, A BLOW WHICH COULD BE FATAL TO ALREADY MARGINAL IMINI OPERATION. CLOSURE OF IMINI WOULD THROW FIVE HUNDRED MINE EMPLOYEES OUT OF WORK IN POVERTY- STRICKEN AREAS AROUND OUARZAZATE. ACCORDING TO FRENCH DIRECTOR REROLLE OF SOCIETE

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ANONYME CHERIFIENNE D' ETUDES MINIERES (SACEM) WHICH EXPLOITING IMINI, MINE DEPENDS ON US CLIENTS OF LONGSTANDING WHO WOULD BE VIRTUALLY IMPOSSIBLE REPLACE ELSEWHERE. MOST IMPORTANT OF THESE IS EASTMAN KODAK WHICH GENERALLY ACCOUNTS FOR FIFTY TO EIGHTY PERCENT OF SACEM' S ANNUAL SALES TO U. S. - PRESUMABLY FOR MANUFACTURE HYDROQUINONE.

3. REROLLE SAYS IMINI STAYED AFLOAT AFTER END METALLIC MANGANESE PRODUCTION SEVERAL YEARS AGO BY SEVERELY CUTTING COSTS AND KEEPING DOWN PRICE OF ITS HIGH- QUALITY (80-84) ORE. WORLD MARKET PRICE THIS COMMODITY HAS DROPPED, NOT RISEN, IN RECENT YEARS ACCORDING REROLLE, AND FIRST DOLLAR DEVALUATION HURT BADLY ASLO, SINCE ORE HAD BEEN QUOTED TO ALL BUYERS IN DOLLARS UP TO THEN. HE NONETHELESS BELIEVES IMINI CAN CONTINUE WITH PRODUCTION STABILIZED AT ABOUT 100,000 TONS ANNUALLY (93,708 IN 1972; EXPORTS WERE 110,000 TONS). THIS DEPENDENT, HOWEVER, ON CONTINUATION OF SOMETHING APPROACHING PRESENT LEVEL OF SALES TO U. S. SACEM IS, INCIDENTALLY, 45 PERCENT OWNED BY GOM' S BUREAU DE RECHERCHES ET DE PARTICIPATIONS MINIERES (BRPM).

4. ADDITIONAL CONSIDERATION IS THAT CHEMICAL MANGANESE REPRESENTS CHIEF MOROCCAN EXPORT TO U. S. (DH 5.4 MILLION OR FIFTEEN PERCENT OF TOTAL EXPORTS TO U. S. IN 1971). MOROCCANS HAVE REPEATEDLY INDICATED TO US THAT ANY ATTEMPTS TO EXPEND US EXPORT BUSINESS IN MOROCCO SHOULD BE ACCOMPANIED BY USG EFFORTS TO REDUCE PRESENT HUGE US SURPLUS IN BILATERAL TRADE. THEY WILL HARDLY VIEW WITH EQUANIMITY US ACTIONS OPERATING TO OPPOSITE EFFECT. REACTION COULD AFFECT CERTAIN GOVERNMENT DECISIONS ON SUPPLIERS DURING FIRST PART OF 1973-77 PLAN, AND ACT AS AT LEAST SHORT - TERM BRAKE ON FUTURE US EXPORT POSSIBILITIES HERE.

5. WE HOPE THAT DEPARTMENT WILL CONTINUE TO CONSULT WITH GOM ON DISPOSAL OF TYPE B MANGANESE FROM STOCKPILE AND GIVE SYMPATHETIC CONSIDERATION TO SERIOUS PROBLEM ACCELERATED STOCKPILE SALES POSES FOR GOM.
ROCKWELL

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